

UNITED STATES
DEPARTMENT OF THE INTERIOR
BUREAU OF RECLAMATION
Central Valley Project, California

CONTRACT BETWEEN THE UNITED STATES OF AMERICA AND
COLUSA DRAIN MUTUAL WATER COMPANY
PROVIDING FOR REPLACEMENT WATER

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1 UNITED STATES
2 DEPARTMENT OF THE INTERIOR
3 BUREAU OF RECLAMATION
4 CENTRAL VALLEY PROJECT, CALIFORNIA

5 CONTRACT BETWEEN THE UNITED STATES OF AMERICA AND
6 COLUSA DRAIN MUTUAL WATER COMPANY
7 PROVIDING FOR REPLACEMENT WATER

8 THIS CONTRACT, hereinafter referred to as the "Contract," is entered into by THE
9 UNITED STATES OF AMERICA, hereinafter referred to as the United States, made this 27th
10 day of May, 2005, pursuant to the applicable authority granted to it generally
11 in the Act of June 17, 1902 (32 Stat. 388), and acts amendatory or supplementary thereto,
12 including, but not limited to, the Acts of August 26, 1937 (50 Stat. 844), as amended and
13 supplemented, August 4, 1939 (53 Stat. 1187), as amended and supplemented, including but not
14 limited to Sections 9 and 14 thereof, July 2, 1956 (70 Stat. 483), June 21, 1963 (77 Stat. 68),
15 October 12, 1982 (96 Stat. 1263), October 27, 1986 (100 Stat. 3050), as amended, and Title
16 XXXIV of the Act of October 30, 1992 (106 Stat. 4706), all collectively hereinafter referred to as
17 Federal Reclamation law, and COLUSA DRAIN MUTUAL WATER COMPANY, hereinafter
18 referred to as the Contractor, acting pursuant to Sections 12003 and 12004 of the California Water
19 Code;

20 WITNESSETH, That:

21 EXPLANATORY RECITALS

22 [1st] WHEREAS, the United States has constructed and is operating the Central Valley
23 Project (Project), California, for multiple purposes pursuant to its statutory authority; and

24 [2nd] WHEREAS, the Contractor was formed to represent numerous individual Water
25 Users who are diverting water from the Colusa Basin Drain for agricultural use on lands within the
26 Contractor's Service Area; and

27 [3rd] WHEREAS, the California State Water Resources Control Board in its Decision
28 1045 adopted November 13, 1961, determined that even though water is physically available for
29 appropriation in the Colusa Basin Drain the flows in the Colusa Basin Drain during certain times
30 are needed to satisfy senior water rights along the Sacramento River and in the Delta below the
31 mouth of the Colusa Basin Drain; and

32 [4th] WHEREAS, Decision 1045 determined diversions from the Colusa Basin Drain
33 could be made during those times provided an alternate source of water is made available to
34 satisfy the senior water rights along the Sacramento River and in the Sacramento-San Joaquin
35 Delta below the mouth of the Colusa Basin Drain, and the California State Water Resources
36 Control Board suggested stored water from the Project as a possible alternate source; and

37 [5th] WHEREAS, the Water Users who are diverting water from the Colusa Basin Drain
38 are impacting the flow of the Sacramento River causing the Project to make releases to meet the
39 senior water rights of users along the Sacramento River and in the Sacramento-San Joaquin Delta
40 below the mouth of the Colusa Basin Drain which are deprived of their water because of the Water
41 Users' diversions from the Colusa Basin Drain; and

42 [6th] WHEREAS, the Contractor asserts their Water Users' water rights on the Drain are
43 not deficient; and

44 [7th] WHEREAS, the objectives of this Contract are to (1) assure the Contractor that
45 there is an alternate source of water available from the Project which will be released into the
46 Sacramento River to meet senior water rights along said River and in the Sacramento-San Joaquin
47 Delta below the mouth of the Colusa Basin Drain that are depleted by the Contractor's diversion
48 of water, and (2) assure the United States reimbursement by the Contractor for such release into

49 said River, thereby eliminating objections by the United States to diversions of water from the
50 Drain by the Contractor's Water Users pursuant to this Contract.

51 NOW, THEREFORE, in consideration of the performance of the herein contained
52 provisions, conditions, and covenants, it is agreed as follows:

53 DEFINITIONS

54 1. When used herein, unless otherwise expressed or incompatible with the intent
55 hereof, the term:

56 (a) "Basin-Wide Water Management Plan" shall mean the mutually agreeable
57 Sacramento River Basinwide Water Management Plan, dated October 11, 2004, developed by
58 Glenn-Colusa Irrigation District, Maxwell Irrigation District, Natomas Central Mutual Water
59 Company, Pelger Mutual Water Company, Princeton-Codora-Glenn Irrigation District, Provident
60 Irrigation District, Reclamation District 108, Sutter Mutual Water Company, Anderson-
61 Cottonwood Irrigation District, Meridian Farms Water Company, Reclamation District 1004, and
62 the U. S. Bureau of Reclamation;

63 (b) "Charges" shall mean the payments for Project Water that the Contractor is
64 required to pay to the United States in addition to the "Rates" specified in this Contract. The
65 Contracting Officer will, on an annual basis, determine the extent of these Charges. The type and
66 amount of each Charge shall be specified in Exhibit D;

67 (c) "Colusa Basin Drain" or "Drain" shall mean an earthen drainage channel
68 approximately 70 miles long beginning northeast of Willows, California, near the Sacramento
69 River, extending southerly and flowing into the Sacramento River via the Knights Landing outfall
70 gates located at the River and the Yolo Bypass via the Knights Landing Ridge Cut, and for
71 purposes of this Contract shall include any tributaries to the Colusa Basin Drain within the
72 Contractor's Service Area;

73 (d) "Contractor's Service Area" shall mean the area shown in Exhibit A as
74 attached hereto which comprises the maximum area within which shares of stock of the Contractor
75 may be issued and made appurtenant to the land pursuant to the Contractor's Articles of
76 Incorporation;

77 (e) "Crop Irrigation Requirement" shall mean the quantity of water
78 consumptively used by each crop less the effective rainfall that each crop receives. For purposes
79 of this Contract, the Crop Irrigation Requirement is specified in Exhibit B;

80 (f) "CVPIA" shall mean the Central Valley Project Improvement Act, Title
81 XXXIV of the Act of October 30, 1992 (106 Stat. 4706);

82 (g) "Eligible Lands" shall mean all lands to which Project Water may be
83 delivered in accordance with Section 204 of the Reclamation Reform Act of October 12, 1982
84 (96 Stat. 1263), as amended, hereinafter referred to as RRA;

85 (h) "Excess Lands" shall mean all lands in excess of the limitations contained
86 in Section 204 of the RRA, other than those lands exempt from acreage limitation under Federal
87 Reclamation law;

88 (i) "Full Cost Rate" shall mean that water rate described in Sections 205(a)(3)
89 or 202(3) of the RRA, whichever is applicable;

90 (j) "Ineligible Lands" shall mean all lands to which Project Water may not be
91 delivered in accordance with Section 204 of the RRA;

92 (k) "Landholder" shall mean a party that directly or indirectly owns or leases
93 nonexempt land, as provided in 43 CFR 426.2;

94 (l) "Noncrop Consumptive Use" shall mean that quantity of water that
95 ~~evaporates from water surfaces or is consumed by native vegetation while water is being conveyed~~

96 to or from the Contractor's irrigated acreage. For purposes of this Contract, the quantity of
97 Noncrop Consumptive Use shall be assumed to equal 10 percent of the Crop Irrigation
98 Requirement;

99 (m) "Project" shall mean the Central Valley Project owned by the United States
100 and managed by the Department of the Interior, Bureau of Reclamation;

101 (n) "Project Water" shall mean water released from Project facilities pursuant
102 to this Contract for the purpose of replacing water diverted by the Contractor from the Drain
103 which is needed to satisfy the senior water rights along the Sacramento River and the
104 Sacramento-San Joaquin Delta below the mouth of the Drain;

105 (o) "Rates" shall mean the payments for Project Water determined annually by
106 the Contracting Officer in accordance with the then-current applicable water ratesetting policies
107 for the Project, as described in subdivision (a) of Article 6 of this Contract;

108 (p) "Secretary" or "Contracting Officer" shall mean the Secretary of the
109 Interior, a duly appointed successor, or an authorized representative acting pursuant to any
110 authority of the Secretary and through any agency of the Department of the Interior;

111 (q) "Water User" shall mean a shareholder of the Contractor whose shares
112 cover lands within the Contractor's Service Area and who diverts water from the Drain pursuant to
113 one or more water rights;

114 (r) "Year" shall mean the period from and including March 1 of each calendar
115 year through the last day of February of the following calendar year.

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TERM OF CONTRACT

2. (a) This Contract shall be effective March 1, 2005, through February 28, 2045.

In the event the Contractor wishes to renew the Contract beyond February 28, 2045, the Contractor shall submit a request for renewal in writing to the Contracting Officer no later than two years prior to the date this Contract expires. The renewal of this Contract shall be governed by subdivision (b) of this Article.

(b) (1) Under terms and conditions of a renewal contract that are mutually agreeable to the parties hereto, and upon a determination by the Contracting Officer that at the time of contract renewal the conditions set forth in subdivision (b)(2) of this Article are met, and subject to Federal and State law, this Contract shall be renewed for a period of 40 years.

(2) The conditions which must be met for this Contract to be renewed are: (i) the Contractor has prepared a water conservation plan that has been determined by the Contracting Officer in accordance with Article 23 of this Contract to meet the conservation and efficiency criteria for evaluating such plans established under Federal law; (ii) the Contractor is implementing an effective water conservation and efficiency program based on the Contractor's water conservation plan as required by Article 23 of this Contract; (iii) the Contractor has reasonably and beneficially used the Project Water supplies made available to it and, based on projected demands, is reasonably anticipated and expects fully to utilize for reasonable and beneficial use the quantity of Project Water to be made available to it pursuant to such renewal; (iv) the Contractor is complying with all terms and conditions of this Contract; and (v) the Contractor has the continued legal ability to act on behalf of its Water Users with regard to the Project Water to be made available under this Contract.

(3) The terms and conditions of the renewal contract described in subdivision (b)(1) of this Article and any subsequent renewal contracts shall be developed consistent with the parties' respective legal rights and obligations, and in consideration of all

141 relevant facts and circumstances, as those circumstances exist at the time of renewal, including,
142 without limitation, the Contractor's need for continued delivery of Project Water; environmental
143 conditions affected by implementation of the Contract to be renewed, and specifically changes in
144 those conditions that occurred during the life of the Contract to be renewed; the Secretary's
145 progress toward achieving the purposes of the CVPIA as set out in Section 3402 and in
146 implementing the specific provisions of the CVPIA; and current and anticipated economic
147 circumstances of the region served by the Contractor.

148 (c) The Contracting Officer shall make a determination ten years after the date
149 of execution of this Contract, and every five years thereafter during the term of this Contract, of
150 whether a conversion to a contract under subsection 9(d) of the Reclamation Project Act of 1939
151 can be accomplished pursuant to the Act of July 2, 1956 (70 Stat 483). Notwithstanding any
152 provision of this Contract, the Contractor reserves and shall have all rights and benefits under
153 under the Act of July 2, 1956 (70 Stat. 483). The Contracting Officer anticipates that during the
154 term of this Contract, all authorized Project construction expected to occur will have occurred, and
155 on that basis the Contracting Officer agrees upon such completion to allocate all costs that are
156 properly assignable to the Contractor, and agrees further that, at any time after such allocation is
157 made, and subject to satisfaction of the condition set out in this subdivision, this Contract shall, at
158 the request of the Contractor, be converted to a contract under subsection 9(d) of the Reclamation
159 Project Act of 1939, subject to applicable Federal law and under stated terms and conditions
160 mutually agreeable to the Contractor and the Contracting Officer. A condition for such conversion
161 to occur shall be a determination by the Contracting Officer that, account being taken of the
162 amount credited to return by the Contractor as provided for under Reclamation law, the remaining
163 amount of construction costs assignable for ultimate return by the Contractor can probably be
164 repaid to the United States within the term of a contract under subsection 9(d). If the remaining
165 amount of costs that are properly assignable to the Contractor cannot be determined during the

166 term of this Contract, the Contracting Officer shall notify the Contractor, and provide the reason(s)
167 why such a determination could not be made. Further, the Contracting Officer shall make such a
168 determination as soon thereafter as possible so as to permit, upon request of the Contractor and
169 satisfaction of the condition set out above, conversion to a contract under subsection 9(d). In the
170 event such determination of costs has not been made at a time which allows conversion of this
171 Contract during the term of this Contract or the Contractor has not requested conversion of this
172 Contract within such term, the parties shall incorporate in any subsequent renewal contract as
173 described in subdivision (b) of this Article a provision that carries forth in substantially identical
174 terms the provisions of this subdivision.

175 (d) The Contractor's right to the beneficial use of water from the Drain shall
176 not be disturbed so long as the Contractor fulfills all of its obligations under this Contract and any
177 such renewal.

178 WATER RELEASED FOR THE CONTRACTOR

179 3. (a) Subject to the terms and conditions hereinafter stated, the Contractor may
180 divert a water supply from the Drain for beneficial use by the Water Users, and the United States
181 shall replace with Project Water the quantity of all water depleted from the Sacramento River
182 system as a result of such diversion in accordance with subdivision (d) of this Article: Provided,
183 that the maximum quantity of Project Water released by the United States pursuant to this
184 Contract shall not exceed 70,000 acre-feet in any Year and the Contractor's diversions from the
185 Drain shall not deplete all water in the Sacramento River system by more than 70,000 acre-feet in
186 any Year absent a subsequent agreement between the Contractor and the Contracting Officer. In
187 any given Year, the quantity of Project Water released by the United States pursuant to this
188 Contract shall: (i) not exceed the sum of 30,000 acre-feet plus the product of 1.832 acre-feet per
189 acre times the number of acres, in excess of 16,000, within the Contractor's Service Area ordering

190 water from the Contractor; and (ii) be reduced by the quantity of water acquired by the Contractor
191 pursuant to Article 12 below.

192 (b) The Contractor agrees that it or its Water Users receiving benefits under this
193 Contract have or will attempt to obtain a water right with the California State Water Resources
194 Control Board allowing it or them to divert water from the Drain for agricultural purposes.

195 (c) The Contractor shall submit to the Contracting Officer on or before May 15
196 of each Year an estimate for that Year of the total number of acres to be irrigated by the Water
197 Users, a map designating the location of those acres, the projected cropping pattern of those acres
198 and a list of the Water Users identifying their diversion points, their respective water right permit
199 or license numbers and the source and quantity of other water available to each Water User
200 exclusive of this Contract as provided for in subdivision (g) of this Article. The Contractor shall
201 submit a final report to the Contracting Officer on or before July 1 showing any revisions to the
202 estimate previously submitted. If, at any time, the Contractor determines acreage in addition to
203 that specified in the final report will be irrigated that Year, the Contractor will report such
204 additional acreage, the location and cropping pattern of that acreage, and source of water, and will
205 submit payment for such additional acreage computed in accordance with this Article and Article
206 6 to the Contracting Officer prior to the delivery of water to that acreage.

207 (d) The quantity of Project Water released shall be determined by the
208 Contracting Officer. The quantity of Project Water for which the Contractor shall pay in
209 accordance with Article 6, shall be based on the final report submitted by the Contractor as
210 approved by the Contracting Officer and computed as follows: The Contracting Officer shall add
211 the Crop Irrigation Requirements and the Noncrop Consumptive Uses for the total acreage
212 reported and subtract from that quantity the amount of Contractor's water rights water for which
213 the Contractor is to be credited pursuant to subdivision (e) of this Article and water available from
214 other sources pursuant to subdivision (g) of this Article. ~~The Crop Irrigation Requirement and the~~

215 Noncrop Consumptive Use factor as specified in Exhibit B may be adjusted by written mutual
216 agreement at five-year intervals.

217 (e) The quantity of water rights water for which the Contractor shall receive
218 credit shall be calculated each Year by the Contracting Officer based on monthly deficiencies
219 specified in Exhibit C.

220 (f) For purposes of this Contract, the water rights of the Water Users are
221 deemed to be deficient during the months of June, July, August, and September as set forth in
222 Exhibit C. Nothing herein contained shall require the Contractor to make any payment to the
223 United States for water diverted from the Drain during the period of October through May for
224 beneficial use on the land shown on Exhibit A.

225 (g) The United States recognizes the right of the Contractor to acquire water to
226 satisfy the Crop Irrigation Requirement and Water Right Deficiencies set forth in Exhibits B and C
227 from sources other than those of the United States for diversions from the Drain and its tributaries;
228 Provided, that the acquisition and diversion of such water is consistent with California water law
229 and the United States shall not be obligated to release Project Water to replace water acquired by
230 the Contractor from such other sources.

231 (h) If the Contractor in any Year requests delivery of a quantity of Project
232 Water through the Drain or its tributaries, such delivery shall be the subject of a separate contract
233 either with the United States or with another Project Water contractor.

234 RETURN FLOW

235 4. Nothing herein shall be construed as an abandonment or a relinquishment by the
236 United States of any right it may have to the use of waste, seepage, and return flow water derived
237 from water diverted by the Contractor hereunder and which escapes or is discharged beyond the
238 boundaries of the lands shown on Exhibit A; Provided, that this shall not be construed as claiming
239 for the United States any right to such water which is recovered by the Contractor pursuant to

240 California law from either within the boundaries of the lands shown on Exhibit A or at any
241 location in the Colusa Basin Drain.

242 POINTS OF DIVERSION AND MEASUREMENT OF WATER

243 5. (a) The Water Users will divert water from the Drain and its tributaries at
244 diversion points within the Contractor's Service Area in conformance with the Contractor's or its
245 Water Users' respective water rights for agricultural use.

246 (b) The Contracting Officer reserves the right to require measurement of (1) all
247 water diverted from the Drain by the Water Users, (2) all water delivered to Excess Lands, and (3)
248 all water made available to the Contractor from sources other than the United States such as water
249 right permittees or licensees, other contractors, or groundwater, should the Contracting Officer
250 determine measurement is necessary to carry out the provisions of this Contract.

251 (c) If the Contracting Officer determines such measurement is necessary the
252 following provisions shall apply:

253 (1) All measurement equipment shall be installed, operated, and
254 maintained by the Contractor; and

255 (2) The Contractor shall not modify, alter, remove, or replace diversion
256 facilities or do any other act which would alter the effectiveness or accuracy of the measuring
257 equipment installed unless and until the Contracting Officer has been notified and has approved
258 the modification of such measuring equipment in such manner as may be necessary or appropriate.
259 In the event of an emergency, the Contractor shall notify the Contracting Officer within a
260 reasonable time thereafter as to the existence of the emergency and the nature and extent of such
261 modification, alteration, removal, or replacement of diversion facilities; and

262 (3) The Contracting Officer shall have full and free access at all
263 reasonable times to inspect any measuring equipment installed and maintained by the Contractor
264 pursuant to this Contract. If any measuring equipment is found to be defective or inaccurate, it

265 shall be readjusted, repaired, or replaced without expense to the Contracting Officer. In the event
266 that the Contractor neglects or fails to make such readjustments, repairs, or replacements within a
267 reasonable time as may be necessary to satisfy the operating requirement of the Contracting
268 Officer, the Contracting Officer may cause such readjustments, repairs, or replacements to be
269 made and the costs thereof charged to the Contractor, which charge the Contractor shall pay to the
270 Contracting Officer on or before January 31 of the Year following that in which the cost was
271 incurred and in accordance with a statement furnished by the Contracting Officer.

272 RATES AND METHOD OF PAYMENT FOR WATER

273 6 (a) The Contractor shall pay the United States as provided in this Article for all
274 Project Water at Rates and Charges established in accordance with: (i) the Secretary's then-
275 current ratesetting policies for the Project; and (ii) applicable Reclamation law and associated
276 rules and regulations, or policies; Provided, that if the Contractor desires to use Project Water for
277 other than agricultural use the Rates and Charges set forth above will be adjusted by the
278 Contracting Officer to the applicable Rates and Charges for such use. The Rates and Charges
279 applicable to the Contractor upon execution of this Contract are set forth in Exhibit D, as may be
280 revised annually. The Secretary's ratesetting policies for the Project shall be amended, modified,
281 or superseded only through a public notice and comment procedure.

282 (b) The Contracting Officer shall notify the Contractor of the Rates and
283 Charges as follows:

284 (1) Prior to July 1 of each Year, the Contracting Officer shall provide
285 the Contractor an estimate of the Charges for Project Water that will be applied to the period
286 October 1, of the current Year, through September 30, of the following Year, and the basis for
287 such estimate. The Contractor shall be allowed not less than two months to review and comment
288 on such estimates. On or before September 15 of each Year, the Contracting Officer shall notify

289 the Contractor in writing of the Charges to be in effect during the period October 1 of the current
290 Year, through September 30, of the following Year, and such notification shall revise Exhibit D.

291 (2) Prior to October 1 of each Year, the Contracting Officer shall make
292 available to the Contractor an estimate of the Rates for Project Water for the following Year and
293 the computations and cost allocations upon which those Rates are based. The Contractor shall be
294 allowed not less than two months to review and comment on such computations and cost
295 allocations. By December 31 of each Year, the Contracting Officer shall provide the Contractor
296 with the final Rates to be in effect for the upcoming Year, and such notification shall revise
297 Exhibit D.

298 (c) On or before May 15 of each Year, the Contractor shall pay 50 percent of
299 the total amount due that Year based on the May 15 estimate submitted by the Contractor and
300 computed pursuant to Article 3 and subdivision (a) above. The remainder of the total amount due
301 shall be paid on or before July 1 of each Year, or at such later date or dates as may be specified by
302 the Contracting Officer, based on the July 1 final report submitted by the Contractor and computed
303 pursuant to Article 3 and subdivision (a) above.

304 (d) Payments to be made by the Contractor to the United States under this
305 Contract may be paid from any revenues available to the Contractor.

306 (1) All revenues received by the United States from the Contractor
307 relating to the delivery of Project Water or the delivery of non-Project water through Project
308 facilities shall be allocated and applied in accordance with Federal Reclamation law and the
309 associated rules or regulations, and the then-current Project ratesetting policies for irrigation water.

310 (e) The Contracting Officer shall keep its accounts pertaining to the
311 administration of the financial terms and conditions of its long-term water service contracts and
312 Sacramento River Settlement Contracts, in accordance with applicable Federal standards, so as to
313 reflect the application of Project costs and revenues. The Contracting Officer shall, each Year

314 upon request of the Contractor, provide to the Contractor a detailed accounting of all Project and
315 Contractor expense allocations, the disposition of all Project and Contractor revenues, and a
316 summary of all water delivery information. The Contracting Officer and the Contractor shall enter
317 into good faith negotiations to resolve any discrepancies or disputes relating to accountings,
318 reports, or information.

319 (f) The parties acknowledge and agree that the efficient administration of this
320 Contract is their mutual goal. Recognizing that experience has demonstrated that mechanisms,
321 policies, and procedures used for establishing Rates and Charges and/or for making and allocating
322 payments, other than those set forth in this Article may be in the mutual best interest of the parties,
323 it is expressly agreed that the parties may enter into agreements to modify the mechanisms,
324 policies, and procedures for any of those purposes while this Contract is in effect without
325 amendment of this Contract.

326 (g) For the term of this Contract, Rates under the respective ratesetting policies
327 for the Project will be established to recover only reimbursable operation and maintenance
328 (including any deficits) and capital costs of the Project, as those terms are used in the then-current
329 Project ratesetting policies, and interest, where appropriate, except in instances where a minimum
330 Rate is applicable in accordance with the relevant Project ratesetting policy. Proposed changes of
331 significance in practices which implement the ratesetting policies for the Project will not be
332 implemented until the Contracting Officer has provided the Contractor an opportunity to discuss
333 the nature, need, and impact of the proposed change. The Contractor retains all rights to challenge
334 the validity of Rates and Charges imposed pursuant to this Contract, including but not limited to
335 operation and maintenance expenses and operation and maintenance deficits, in an appropriate
336 administrative or judicial proceeding.

337 (h) Pursuant to the Act of October 27, 1986 (100 Stat. 3050), the Contracting
338 Officer is authorized to adjust determinations of ability to pay every five years.

339 (i) Each payment to be made pursuant to subdivisions (a) and (b) of this Article
340 shall be made at the office of the Bureau of Reclamation, Mid-Pacific Region, P. O. Box 894242,
341 Los Angeles, California 90189-4242, or at such other place as the United States may designate in
342 a written notice to the said Contractor. Payments shall be made by cash transaction, electronic
343 funds transfer, or any other mechanism as may be agreed to in writing by the Contractor and the
344 Contracting Officer. In the event there should be a default in the payment of the amount due, the
345 delinquent payment provisions of Article 20 shall apply. The Contractor shall not be relieved of
346 the whole or any part of its said obligation by, on account of, or notwithstanding, as the case may
347 be:

348 (1) Its inability, failure, refusal, or neglect to utilize the quantities of
349 water required for the acreages submitted by the Contractor in the final report submitted pursuant
350 to subdivision (c) of Article 3;

351 (2) The default in payment to it by any Water User of assessments, tolls,
352 or other charges levied by or owing to said Contractor;

353 (3) Any judicial determination that any assessment, toll, or other
354 charges levied by or owing to said Contractor is irregular, void, or ineffectual; or

355 (4) Any injunctive process enjoining or restraining the Contractor from
356 making or collecting any such assessment, toll, or other charges levied by or owing to said
357 Contractor.

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ADJUSTMENTS

7. The Contracting Officer shall review the final report submitted by the Contractor pursuant to subdivision (c) of Article 3, and if any additional payment is required, the Contractor shall make such payment within 30 days of receipt of a written notice by the Contracting Officer. If it is determined an overpayment was made by the Contractor after review of the final report or by reason of a water shortage for purposes of this Contract as conclusively determined by the Contracting Officer, the overpayment shall be applied first to any accrued indebtedness arising out of this Contract then due and owing to the United States by the Contractor. Any amount of such overpayment then remaining shall, at the option of the Contractor, be refunded to the Contractor or credited upon amounts to become due to the United States from the Contractor under the provisions hereof in the ensuing Year.

USE OF WATER FURNISHED TO CONTRACTOR

8. (a) Water diverted from the Drain which is replaced with Project Water shall not be delivered to Excess Lands. The Contractor shall be deemed to be in breach of this Contract if at any time there is furnished to any Excess Lands a quantity of water which is greater than that quantity which the Contractor or its Water Users are entitled to divert absent the release of Project Water pursuant to this Contract.

(b) Water diverted from the Drain which is replaced with Project Water shall not be used by the Contractor for any purpose other than the commercial production of agricultural crops on tracts of land operated in units of more than five acres including livestock, incidental domestic use, or underground water replenishment without written consent of the Contracting Officer.

(c) Water diverted from the Drain which is being replaced with Project Water shall not be sold, exchanged, or otherwise disposed of except to a Water User for use within the

382 Contractor's Service Area upon lands for which stock of the Contractor has been issued without
383 prior written consent by the Contracting Officer.

384 (d) The Contracting Officer shall have the right of ingress to and egress from
385 all lands shown in Exhibit A for purposes of assuring compliance with the Contract during the
386 months of June through September of each Year.

387 (e) The Contractor will use all proper methods to secure the economical and
388 beneficial use of water diverted from the Drain.

389 CHANGES IN CONTRACTOR'S SERVICE AREA

390 9. While this Contract is in effect, no change shall be made in the Contractor's
391 Service Area by inclusion, exclusion, annexation, or detachment of lands, by dissolution,
392 consolidation, merger, or otherwise, except upon the Contracting Officer's written consent.

393 UNITED STATES TO BE HELD HARMLESS

394 10. (a) The United States shall not be responsible for the control, carriage,
395 handling, use, disposal, or distribution of water by the Contractor. The Contractor shall indemnify
396 and hold the United States harmless from any and all damage and claims of damage of any nature
397 whatsoever for which there is legal responsibility, including property damage, personal injury, or
398 death arising out of or connected with the Contractor's control, carriage, handling, use, disposal,
399 or distribution of such water.

400 (b) The United States shall not be responsible for and makes no representation,
401 warranty, or assurance with respect to the quantity, quality, or origin of water in the Drain. The
402 Contractor shall indemnify and hold the United States harmless from any and all damage and
403 claims of damage arising out of or connected with any inadequacy in the quantity or quality of
404 water in the Drain as a result of this Contract or the Contractor's impairment of any existing rights
405 on the Drain above the Knights Landing outfall gates.

406 (c) The United States shall not be responsible to the Contractor or its Water
407 Users for the operation or maintenance of the Drain or cost of such operation and maintenance.
408 The Contractor shall indemnify and hold the United States harmless from any and all damage and
409 claims of damage arising out of or connected with the operation or maintenance of the Drain as a
410 result of this Contract.

411 TEMPORARY REDUCTIONS

412 11. (a) The United States may temporarily discontinue or reduce the quantity of
413 Project Water to be released for the Contractor as herein provided for the purposes of
414 investigation, inspection, maintenance, repair, or replacement of any of the Project facilities or any
415 part thereof necessary for the release of Project Water for the Contractor. So far as feasible, the
416 United States will give the Contractor due notice in advance of such temporary discontinuance or
417 reduction, except in case of emergency, in which case no notice need be given; Provided,
418 however, that the United States shall use its best efforts to avoid any discontinuance or reduction
419 in service.

420 (b) The Contractor shall reduce the acreage served under this Contract from the
421 Drain accordingly, if such temporary reduction or discontinuance of service as described in
422 subdivision (a) of this Article is required.

423 (c) The Contractor shall not be obligated to pay for Project Water that is not
424 released by the United States pursuant to this Article.

425 WATER ACQUIRED BY CONTRACTOR
426 OTHER THAN FROM THE UNITED STATES

427 12. The provisions of this Contract shall apply only to the quantity of water diverted by
428 the Contractor from the Drain for which the United States releases Project Water pursuant to the
429 terms hereof and the quantity of water acquired by or available to the Contractor other than from
430 the United States shall not in any manner be subject to the provisions of this Contract but shall be

431 consistent with the provisions of this Contract as adequate to satisfy the Crop Irrigation
432 Requirement and Water Right Deficiencies set forth in Exhibits B and C.

433 AGREEMENT OF WATER QUANTITIES

434 13. (a) During the term of this Contract and any renewal thereof, this Contract shall
435 constitute full agreement between the United States and the Contractor as to the impact of the
436 Contractor's diversions of water from the Drain on the Project. It shall establish the quantities of
437 Project Water the Contracting Officer shall release and the Contractor shall pay for and shall
438 enable the Contractor to divert water from the Drain for beneficial use on the land shown on
439 Exhibit A in accordance with the terms and conditions of this Contract. Said diversion and use
440 shall not be disturbed so long as the Contractor shall fulfill all of its obligations hereunder, and the
441 Contractor shall not claim any rights against the United States in conflict with the provisions
442 hereof.

443 (b) In the event of a general adjudication of rights to the use of water of the
444 Colusa Basin Drain or the Sacramento River System, this Contract shall not jeopardize the rights
445 or position of either party thereto or of any other person, and the rights of all such persons in
446 respect to the use of such water shall be determined in such proceedings the same as if this
447 Contract had not been entered into. The parties hereto agree to amend or terminate this Contract
448 to conform with such adjudication if necessary.

449 (c) In the event that the California State Water Resources Control Board or a
450 court of competent jurisdiction issues a final decision or order modifying the terms and conditions
451 of the water rights of either party to this Contract in order to impose Bay-Delta water quality
452 obligations, the Contractor and the United States shall promptly meet to determine whether or not
453 to modify any of the terms of this Contract to comply with the final decision or order. If within 60
454 days of the date of the issuance of the final decision or order the parties are not able to reach
455 agreement regarding either the need to modify this Contract or the manner in which this Contract

456 is to be modified, the parties shall promptly retain a neutral mediator, experienced in resolving
457 water right disputes, to assist the parties in resolving their dispute. The cost of the mediator shall
458 be shared equally. In the event that either of the parties to this Contract determines that the parties
459 will not be able to develop mutually-agreeable modification(s) to this Contract even with the
460 assistance of a mediator, either of the parties to this Contract may attempt to resolve the impasse
461 by seeking appropriate judicial relief including, but not limited to, filing a general adjudication of
462 the rights to the use of water in the Sacramento River system. The foregoing provisions of this
463 subdivision shall only apply to the incremental obligations contained within a final decision or
464 order of the California State Water Resources Control Board that reflects a modification to the
465 obligations imposed in the California State Water Resources Control Board Revised Water Rights
466 Decision 1641 dated March 15, 2000, and its associated 1995 Water Quality Control Plan which,
467 taken together, will be considered the baseline for the application of the provisions of this
468 subdivision article.

469 (d) In the event this Contract terminates, the right of the parties to thereafter
470 divert and use water shall exist as if this Contract had not been entered into.

471 COMPLIANCE WITH RECLAMATION LAWS

472 14. The parties agree that the delivery of Project Water for irrigation use or use of
473 Federal facilities pursuant to this Contract is subject to Federal Reclamation law, including but not
474 limited to, the Reclamation Reform Act of 1982 (43 U.S.C.390aa et seq.), as amended and
475 supplemented, and the rules and regulations promulgated by the Secretary of the Interior under
476 Federal Reclamation law.

477 WATER SHORTAGE AND APPORTIONMENT

478 15. (a) In its operation of the Project, the United States will use all reasonable
479 means to guard against a condition of shortage in the quantity of Project Water available for
480 release pursuant to this Contract. Nevertheless, if a shortage does occur during any Year because
481 of drought, or other causes which, in the opinion of the Contracting Officer, are beyond the control

482 of the United States, no liability shall accrue against the United States or any of its officers,
483 agents, or employees for any damage, direct or indirect, arising therefrom.

484 (b) In any Year that the Contracting Officer determines that there is a shortage
485 in the quantity of water available to customers of the United States from the Project, the
486 Contracting Officer will apportion available water among the Contractor and other Project
487 contractors in such manner as he deems equitable and physically possible consistent with existing
488 contracts and Project authorizations.

489 (1) During such water-short Years when less than 22,200 acres of land
490 within the Contractor's Service Area order water from the Contractor, the quantity of acreage the
491 Contractor may irrigate from the Drain shall be reduced to the extent determined by the
492 Contracting Officer to be necessary to reduce the quantity of Project Water released pursuant to
493 this Contract to a level consistent with deliveries to Project water service contractors located north
494 of the Sacramento-San Joaquin River Delta.

495 (2) During such water-short Years when 22,200 to 29,600 acres of land
496 within the Contractor's Service Area order water from the Contractor, the quantity of acreage the
497 Contractor may irrigate from the Drain shall be increased by an amount equal to 25 percent of the
498 difference between the contractual allocations to the Sacramento River Settlement Contractors
499 and the contractual allocations to Project water service contractors located north of the
500 Sacramento-San Joaquin River Delta.

501 (3) During such water-short Years when 29,600 acres of land within the
502 Contractor's Service Area order water from the Contractor, the quantity of acreage the Contractor
503 may irrigate from the Drain shall be increased by an amount equal to 50 percent of the difference
504 between the contractual allocations to the Sacramento River Settlement Contractors and the
505 contractual allocations to Project water service contractors located north of the Sacramento-San
506 Joaquin River Delta.

507 (4) The United States and the Contractor shall work cooperatively and
508 collaboratively with the State of California, local water districts, and other appropriate
509 organizations to increase the quantity of land owning stock in the Contractor, to increase the
510 number of stockholding acres purchasing water pursuant to the terms of this Contract, and to take
511 appropriate actions to prevent the diversion from the Drain of water not ordered from the
512 Contractor. As part of such collaborative efforts, the Contractor shall maintain in effect, at all
513 times during the term of this Contract, a policy that requires a Water User that has not ordered
514 water for at least the two years preceding a water-short Year to pay the Contractor for water
515 diverted from the Drain during those prior years as well as to pay for water to be diverted during
516 the water-short Year.

517 INTEGRATED WATER MANAGEMENT AND PARTNERSHIPS

518 16. The Contractor and United States desire to work together to maximize the
519 reasonable beneficial use of water for their mutual benefit. As a consequence, the United States
520 and the Contractor will work in partnership and with others within the Sacramento Valley,
521 including other Contractors, to facilitate the better integration within the Sacramento Valley of all
522 water supplies included, but not limited to, the better management and integration of surface water
523 and groundwater, the development and better utilization of surface water storage, the effective
524 utilization of waste, seepage, and return flow water, and other operational and management
525 options that may be identified in the future.

526 OPINIONS AND DETERMINATIONS

527 17. (a) Where the terms of this Contract provide for actions to be based upon the
528 opinion or determination of either party to this Contract, said terms shall not be construed as
529 permitting such action to be predicated upon arbitrary, capricious, or unreasonable opinions or
530 determinations. Both parties, notwithstanding any other provisions of this Contract, expressly
531 reserve the right to seek relief from and appropriate adjustment for any such arbitrary, capricious,

532 or unreasonable opinion or determination. Each opinion or determination by either party shall be
533 provided in a timely manner. Nothing in subdivision (a) of Article 18 of this Contract is intended
534 to or shall affect or alter the standard of judicial review applicable under Federal law to any
535 opinion or determination implementing a specific provision of Federal law embodied in statute or
536 regulation.

537 (b) The Contracting Officer shall have the right to make determinations
538 necessary to administer this Contract that are consistent with the provisions of this Contract, the
539 laws of the United States and of the State of California, and the rules and regulations promulgated
540 by the Secretary of the Interior. Such determinations shall be made in consultation with the
541 Contractor to the extent reasonably practicable.

542 COORDINATION AND COOPERATION

543 18. (a) In order to further their mutual goals and objectives, the Contracting Officer
544 and the Contractor shall communicate, coordinate, and cooperate with each other, and with other
545 affected Project Contractors, in order to improve the operation and management of the Project.
546 The communication, coordination, and cooperation regarding operations and management shall
547 include, but not be limited to, any action which will or may materially affect the quantity or
548 quality of Project Water supply, the allocation of Project Water supply, and Project financial
549 matters including, but not limited to, budget issues. The communication, coordination, and
550 cooperation provided for hereunder shall extend to all provisions of this Contract. Each party
551 shall retain exclusive decision making authority for all actions, opinions, and determinations to be
552 made by the respective party.

553 (b) Within 120 days following the effective date of this Contract, the
554 Contractor, other affected Project Contractors, and the Contracting Officer shall arrange to meet
555 with interested Project Contractors to develop a mutually agreeable, written Project-wide process,
556 which may be amended as necessary separate and apart from this Contract. The goal of this

557 process shall be to provide, to the extent practicable, the means of mutual communication and
558 interaction regarding significant decisions concerning Project operation and management on a
559 real-time basis.

560 (c) In light of the fact that the capacity of the Central Valley Project to deliver
561 Project Water has been constrained in recent years and may be constrained in the future due to
562 many factors including hydrologic conditions and implementation of Federal and State laws, it is
563 the intent of the Secretary to improve water supply reliability. To carry out this intent:

564 (1) The Contracting Officer will, at the request of the Contractor, assist
565 in the development of integrated resource management plans for the Contractor. Further, the
566 Contracting Officer will, as appropriate, seek authorizations for implementation of partnerships to
567 improve water supply, water quality, and reliability.

568 (2) The Secretary will, as appropriate, pursue program and project
569 implementation and authorization in coordination with Project Contractors to improve the water
570 supply, water quality, and reliability of the Project for all Project purposes.

571 (3) The Secretary will coordinate with Project Contractors and the State
572 of California to seek improved water resource management.

573 (4) The Secretary will coordinate actions of agencies within the
574 Department of the Interior that may impact the availability of water for Project purposes.

575 (5) The Contracting Officer shall periodically, but not less than
576 annually, hold division level meetings to discuss Project operations, division level water
577 management activities, and other issues as appropriate.

578 (d) Without limiting the contractual obligations of the Contracting Officer
579 under the other Articles of this Contract, nothing in this Article shall be construed to limit or
580 constrain the Contracting Officer's ability to communicate, coordinate, and cooperate with the

581 Contractor or other interested stakeholders or to make decisions in a timely fashion as needed to
582 protect health, safety, or the physical integrity of structures or facilities.

583 GENERAL OBLIGATION-BENEFITS CONDITIONED UPON PAYMENT

584 19. (a) The obligation of the Contractor to pay the United States as provided in this
585 Contract is a general obligation of the Contractor notwithstanding the manner in which the
586 obligation may be distributed among the Contractor's Water Users and notwithstanding the default
587 of individual Water Users in their obligations to the Contractor.

588 (b) The payment of charges becoming due hereunder is a condition precedent to
589 receiving benefits under this Contract. The United States shall not make water available to the
590 Contractor through Project facilities during any period in which the Contractor may be in arrears
591 in the advance payment of water rates due the United States. The Contractor shall not furnish
592 water made available pursuant to this Contract for lands or parties which are in arrears in the
593 advance payment of water rates levied or established by the Contractor.

594 CHARGES FOR DELINQUENT PAYMENTS

595 20. (a) The Contractor shall be subject to interest, administrative and penalty
596 charges on delinquent installments or payments. When a payment is not received by the due date,
597 the Contractor shall pay an interest charge for each day the payment is delinquent beyond the due
598 date. When a payment becomes 60 days delinquent, the Contractor shall pay an administrative
599 charge to cover additional costs of billing and processing the delinquent payment. When a
600 payment is delinquent 90 days or more, the Contractor shall pay an additional penalty charge of 6
601 percent per year for each day the payment is delinquent beyond the due date. Further, the
602 Contractor shall pay any fees incurred for debt collection services associated with a delinquent
603 payment.

604 (b) The interest charge rate shall be the greater of the rate prescribed quarterly
605 in the Federal Register by the Department of the Treasury for application to overdue payments, or
606 the interest rate of 0.5 percent per month prescribed by Section 6 of the Reclamation Project Act
607 of 1939 (Public Law 76-260). The interest charge rate shall be determined as of the due date and
608 remain fixed for the duration of the delinquent period.

609 (c) When a partial payment on a delinquent account is received, the amount
610 received shall be applied, first to the penalty, second to the administrative charges, third to the
611 accrued interest, and finally to the overdue payment.

612 QUALITY OF WATER

613 21. (a) The operation and maintenance of Project facilities shall be performed in
614 such manner as is practicable to maintain the quality of raw water made available through such
615 facilities at the highest level reasonably attainable as determined by the Contracting Officer. The

616 United States does not warrant the quality of water and is under no obligation to construct or
617 furnish water treatment facilities to maintain or better the quality of water.

618 (b) The United States recognizes that water quality is a concern within the
619 service area of the Contractor. Currently, the United States has neither the clear authority, nor the
620 facilities through which water quality can be improved within the Colusa Basin Drain. Should,
621 however, water quality within the Colusa Basin Drain become a more serious concern for either
622 the environment, sustainable agriculture, or wildlife within the Colusa Basin, upon the written
623 request of either party, the United States and the Contractor will attempt to work together, and
624 with other interested parties, to develop a solution, subject to appropriate authorization and
625 funding being available.

626 WATER AND AIR POLLUTION CONTROL

627 22. The Contractor, in carrying out this Contract, shall comply with all applicable
628 water and air pollution laws and regulations of the United States and the State of California, and
629 shall obtain all required permits or licenses from the appropriate Federal, State, or local
630 authorities.

631 WATER CONSERVATION

632 23. (a) Prior to the release of Project Water, the Contractor shall be implementing
633 an effective water conservation and efficiency program based on the Basin-Wide Water
634 Management Plan and/or Contractor's water conservation plan that has been determined by the
635 Contracting Officer to meet the conservation and efficiency criteria for evaluating water
636 conservation plans established under Federal law. The water conservation and efficiency program
637 shall contain definite water conservation objectives, appropriate economically feasible water
638 conservation measures, and time schedules for meeting those objectives. Continued release of
639 Project Water pursuant to this Contract shall be contingent upon the Contractor's continued
640 implementation of such water conservation program. In the event the Contractor's water
641 conservation plan or any revised water conservation plan completed pursuant to subdivision (c) of

642 Article 23 of this Contract have not yet been determined by the Contracting Officer to meet such
643 criteria, due to circumstances which the Contracting Officer determines are beyond the control of
644 the Contractor, Project Water releases shall be made under this Contract so long as the Contractor
645 diligently works with the Contracting Officer to obtain such determination at the earliest
646 practicable date, and thereafter the Contractor immediately begins implementing its water
647 conservation and efficiency program in accordance with the time schedules therein.

648 (b) The Contractor shall submit to the Contracting Officer a report on the status
649 of its implementation of the water conservation plan on the reporting dates specified in the
650 then-existing conservation and efficiency criteria established under Federal law.

651 (c) At five-year intervals, the Contractor shall revise its water conservation plan
652 to reflect the then-current conservation and efficiency criteria for evaluating water conservation
653 plans established under Federal law and submit such revised water management plan to the
654 Contracting Officer for review and evaluation. The Contracting Officer will then determine if the
655 water conservation plan meets Reclamation's then-current conservation and efficiency criteria for
656 evaluating water conservation plans established under Federal law.

657 CONTINGENT UPON APPROPRIATION OR ALLOTMENT OF FUNDS

658 24. The expenditure or advance of any money or the performance of any obligation of
659 the United States under this Contract shall be contingent upon appropriation or allotment of funds.
660 Absence of appropriation or allotment of funds shall not relieve the Contractor from any
661 obligations under this Contract. No liability shall accrue to the United States in case funds are not
662 appropriated or allotted.

663 OFFICIALS NOT TO BENEFIT

664 25. (a) No Member of or Delegate to Congress, Resident Commissioner, or official
665 of the Contractor shall benefit from this Contract other than as a Water User or landowner in the
666 same manner as other Water Users or landowners.

667 (b) No officer or member of the governing board of the Contractor shall receive
668 any benefit that may arise by reason of this Contract other than as a landowner within the

669 Contractor's Service Area and in the same manner as other landowners within the said service
670 area.

671 ASSIGNMENT LIMITED-SUCCESSORS AND ASSIGNS OBLIGATED

672 26. The provisions of this Contract shall apply to and bind the successors and assigns
673 of the parties hereto, but no assignment or transfer of this Contract or any right or interest therein
674 shall be valid until approved in writing by the Contracting Officer.

675 BOOKS, RECORDS AND REPORTS

676 27. The Contractor shall establish and maintain accounts and other books and records
677 pertaining to administration of the terms and conditions of this Contract, including: the
678 Contractor's financial transactions, water supply data, and Project land and right-of-way
679 agreements; the Water Users' land-use (crop census), landownership, land-leasing, and water-use
680 data; and other matters that the Contracting Officer may require. Reports thereon shall be
681 furnished to the Contracting Officer in such form and on such date or dates as the Contracting
682 Officer may require. Subject to applicable Federal laws and regulations, each party to this
683 Contract shall have the right during office hours to examine and make copies of each other's
684 books and official records relating to matters covered by this Contract.

685 EQUAL OPPORTUNITY

686 28. During the performance of this Contract, the Contractor agrees as follows:

687 (a) The Contractor will not discriminate against any employee or applicant for
688 employment because of race, color, religion, sex, or national origin. The Contractor will take
689 affirmative action to ensure that applicants are employed, and that employees are treated during
690 employment, without regard to their race, color, religion, sex, or national origin. Such action shall
691 include, but not be limited to, the following: Employment, upgrading, demotion, or transfer;
692 recruitment or recruitment advertising; layoff or termination; rates of pay or other forms of
693 compensation; and selection for training, including apprenticeship. The Contractor agrees to post
694 in conspicuous places, available to employees and applicants for employment, notices to be
695 provided by the Contracting Officer setting forth the provisions of this nondiscrimination clause.

696 (b) The Contractor will, in all solicitations, or advertisements for employees
697 placed by or on behalf of the Contractor, state that all qualified applicants will receive
698 consideration for employment without discrimination because of race, color, religion, sex, or
699 national origin.

700 (c) The Contractor will send to each labor union or representative of workers
701 with which it has a collective bargaining agreement or other contract or understanding, a notice, to
702 be provided by the Contracting Officer, advising the said labor union or workers' representative of
703 the Contractor's commitments under Section 202 of Executive Order 11246 of September 24,
704 1965, and shall post copies of the notice in conspicuous places available to employees and
705 applicants for employment.

706 (d) The Contractor will comply with all provisions of Executive Order
 707 No. 11246 of September 24, 1965, as amended, and of the rules, regulations, and relevant orders
 708 of the Secretary of Labor.

709 (e) The Contractor will furnish all information and reports required by said
 710 amended Executive Order and by the rules, regulations, and orders of the Secretary of Labor, or
 711 pursuant thereto, and will permit access to its books, records, and accounts by the Contracting
 712 Officer and the Secretary of Labor for purposes of investigation to ascertain compliance with such
 713 rules, regulations, and orders.

714 (f) In the event of the Contractor's noncompliance with the nondiscrimination
 715 clauses of this Contract or with any of the said rules, regulations, or orders, this Contract may be
 716 canceled, terminated, or suspended, in whole or in part, and the Contractor may be declared
 717 ineligible for further Government contracts in accordance with procedures authorized in said
 718 amended Executive Order, and such other sanctions may be imposed and remedies invoked as
 719 provided in said Executive Order, or by rule, regulation, or orders of the Secretary of Labor, or as
 720 otherwise provided by law.

721 (g) The Contractor will include the provisions of paragraphs (a) through (g) in
 722 every subcontract or purchase order unless exempted by the rules, regulations, or orders of the
 723 Secretary of Labor issued pursuant to Section 204 of said amended Executive Order, so that such
 724 provisions will be binding upon each subcontractor or vendor. The Contractor will take such
 725 action with respect to any subcontract or purchase order as may be directed by the Secretary of
 726 Labor as a means of enforcing such provision, including sanctions for noncompliance: Provided,
 727 however, that in the event the Contractor becomes involved in, or is threatened with, litigation
 728 with a subcontractor or vendor as a result of such direction, the Contractor may request the United
 729 States to enter into such litigation to protect the interests of the United States.

730 COMPLIANCE WITH CIVIL RIGHTS LAWS AND REGULATIONS

731 29. (a) The Contractor shall comply with Title VI of the Civil Rights Act of 1964
 732 (42 U.S.C. 2000d), Section 504 of the Rehabilitation Act of 1975 (P.L. 93-112, as amended), the
 733 Age Discrimination Act of 1975 (42 U.S.C. 6101, et seq.) and any other applicable civil rights
 734 laws, as well as with their respective implementing regulations and guidelines imposed by the
 735 U.S. Department of the Interior and/or Bureau of Reclamation.

736 (b) These statutes require that no person in the United States shall, on the
 737 grounds of race, color, national origin, handicap, or age, be excluded from participation in, be
 738 denied the benefits of, or be otherwise subjected to discrimination under any program or activity
 739 receiving financial assistance from the Bureau of Reclamation. By executing this Contract, the
 740 Contractor agrees to immediately take any measures necessary to implement this obligation,
 741 including permitting officials of the United States to inspect premises, programs, and documents.

742 (c) The Contractor makes this agreement in consideration of and for the
 743 purpose of obtaining any and all Federal grants, loans, contracts, property discounts or other
 744 Federal financial assistance extended after the date hereof to the Contractor by the Bureau of
 745 Reclamation, including installment payments after such date on account of arrangements for
 746 Federal financial assistance which were approved before such date. The Contractor recognizes
 747 and agrees that such Federal assistance will be extended in reliance on the representations and

748 agreements made in this Article, and that the United States reserves the right to seek judicial
749 enforcement thereof.

750 PRIVACY ACT COMPLIANCE

751 30. (a) The Contractor shall comply with the Privacy Act of 1974 (5 U.S.C. 552a)
752 (the Act) and the Department of the Interior rules and regulations under the Act (43 CFR 2.45 et
753 seq.) in maintaining Landholder acreage certification and reporting records, required to be
754 submitted to the Contractor for compliance with Sections 206 and 228 of the Reclamation Reform
755 Act of 1982 (96 Stat. 1266), and pursuant to 43 CFR 426.18.

756 (b) With respect to the application and administration of the criminal penalty
757 provisions of the Act (5 U.S.C. 552a(i)), the Contractor and the Contractor's employees
758 responsible for maintaining the certification and reporting records referenced in (a) above are
759 considered to be employees of the Department of the Interior. See 5 U.S.C. 552a(m).

760 (c) The Contracting Officer or a designated representative shall provide the
761 Contractor with current copies of the Interior Department Privacy Act regulations and the Bureau
762 of Reclamation Federal Register Privacy Act System of Records Notice (Acreage Limitation--
763 Interior, Reclamation-31) which govern the maintenance, safeguarding, and disclosure of
764 information contained in the Landholder's certification and reporting records.

765 (d) The Contracting Officer shall designate a full-time employee of the Bureau
766 of Reclamation to be the System Manager who shall be responsible for making decisions on
767 denials pursuant to 43 CFR 2.61 and 2.64 amendment requests pursuant to 43 CFR 2.72. The
768 Contractor is authorized to grant requests by individuals for access to their own records.

769 (e) The Contractor shall forward promptly to the System Manager each
770 proposed denial of access under 43 CFR 2.64; and each request for amendment of records filed
771 under 43 CFR 2.71; notify the requester accordingly of such referral; and provide the System
772 Manager with information and records necessary to prepare an appropriate response to the
773 requester. These requirements do not apply to individuals seeking access to their own certification
774 and reporting forms filed with the Contractor pursuant to 43 CFR 426.18, unless the requester
775 elects to cite the Privacy Act as a basis for the request.

776 NOTICES

777 31. Any notice, demand, or request authorized or required by this Contract shall be
778 deemed to have been given, on behalf of the Contractor, when mailed, postage prepaid, or
779 delivered to the Area Manager, Northern California Area Office, Bureau of Reclamation, 16349
780 Shasta Dam Boulevard, Shasta Lake, California 96019, and on behalf of the United States, when
781 mailed, postage pre-paid, or delivered to the Board of Directors of the Colusa Drain Mutual Water
782 Company, P. O. Box 329 (520 Market Street, Suite 3), Colusa, California 95932. The designation
783 of the addressee or the address may be changed by notice given in the same manner as provided in
784 this Article for other notices.

785

CONFIRMATION OF CONTRACT

786 32. The Contractor, after the execution of this Contract, shall promptly seek to secure a
787 decree of a court of competent jurisdiction of the State of California, confirming the execution of
788 this Contract. The Contractor shall furnish the United States a certified copy of the final decree,
789 the validation proceedings, and all pertinent supporting records of the court approving and
790 confirming this Contract, and decreeing and adjudging it to be lawful, valid, and binding on the
791 Contractor. This Contract shall not be binding on the United States until such final decree has
792 been secured.

793 IN WITNESS WHEREOF, the parties hereto have executed this Contract the day and year
794 hereinabove written.

795

THE UNITED STATES OF AMERICA

796
797
798

APPROVED AS TO LEGAL
FORM AND SUFFICIENCY
[Signature]
OFFICE OF REGIONAL SOLICITOR
DEPARTMENT OF THE INTERIOR

By: *[Signature]*
Regional Director, Mid-Pacific Region
Bureau of Reclamation

799 (SEAL)

800

COLUSA DRAIN MUTUAL WATER COMPANY

801
802

By: *[Signature]*
President of the Board of Directors

803 Attest:

804 *[Signature]*
805 Asst Secretary

806 (H:\public\Sac River Final LTRC's\01-31-05 Colusa Drain MWC Final.doc)
807 LTRC Draft with exhibits.doc)

Exhibit B

Colusa Drain Mutual Water Company

CROP IRRIGATION REQUIREMENT 1/
(Acre-Feet per acre)

Month	Alfalfa <u>1/</u>	Pasture <u>1/</u>	General <u>2/</u>	Rice <u>3/</u>
April	.250	.283	0	0
May	.442	.483	0	.567
June	.567	.608	.292	.717
July	.642	.658	.783	.783
August	.575	.558	.550	.650
September	.150	.350	0	.200
Total	2.626	2.940	1.625	2.917

Noncrop Consumptive Use Factor: 10 percent.

1/ Based on Department of Water Resources (DWR) Bulletin 113-3, Page 37, with effective rain discounted.

2/ General, assumed to be corn, DWR Bulletin 113-3, Page 37, with effective rain discounted.

3/ Based on University of California Special Publication 3271, growing season May 1 – September 23, and pan evaporation, DWR Bulletin 113-3, Page 67 and DWR Bulletin 113-3, Page 37.

Exhibit C

Colusa Drain Mutual Water Company

WATER RIGHT DEFICIENCIES 1/

Month	Pre-1938	Post-1938
June	6%	19%
July	55%	87%
August	90%	100%
September	5%	99%

1/ These figures represent an average of the deficiencies computed in the studies identified as C650B (State of California) and C-2BR (Bureau of Reclamation) on the water rights along the Sacramento River and in the Sacramento-San Joaquin Delta. These studies were accomplished pursuant to the 1956 Cooperative Study Program between the Bureau of Reclamation, California State Department of Water Resources, and the Sacramento River and Delta Water Association.

Exhibit D
Colusa Drain Mutual Water Company
2005 WATER RATES AND CHARGES

COST OF SERVICE RATES:	<u>Per Acre-Foot</u>
Capital Rates	
Storage	\$2.87
O&M Rates:	
Water Marketing	\$6.61
Storage	\$5.93
Deficit Rates:	
Interest Bearing	\$0.00
CFO/PFR Adjustment Rate 1/	<u>\$0.73</u>
TOTAL	<u>\$16.14</u>

FULL-COST RATES:

Section 202(3) Rate is applicable to a Qualified Recipient or to a Limited Recipient receiving Project Water for irrigation purposes on or before October 1, 1981

\$23.49

Section 205(a)(3) Rate is applicable to a Limited Recipient that did not receive Project Water for irrigation purposes on or before October 1, 1981.

\$26.40

CHARGES UNDER P.L. 102-575 TO THE RESTORATION FUND 2/

Restoration Payments (3407(d)(2)(A))

\$7.93

1/ Chief Financial Officer (CFO) adjustment and Provision for Replacement (PFR) expense is being distributed over a 5-year period beginning in FY 2003 for those contractors that requested those costs be deferred.

2/ Restoration fund charges are payments in addition to the water rates and were determined pursuant to Title XXXIV of Public Law 102-575. Restoration fund charges are on a fiscal year basis (10/1 - 9/30).

BOARD OF DIRECTORS
COLUSA DRAIN MUTUAL WATER COMPANY
RESOLUTION APPROVING LONG-TERM RENEWAL
OF CONTRACT BETWEEN THE UNITED STATES OF AMERICA AND
COLUSA DRAIN MUTUAL WATER COMPANY PROVIDING FOR
REPLACEMENT WATER

WHEREAS Colusa Drain Mutual Water Company (the "Company") has, since 1988, held a contract with the United States Department of the Interior, Bureau of Reclamation ("Reclamation") bearing Contract No. 8-07-20-W0693 (the "Original Contract") for the provision of replacement water.

WHEREAS the Original Contract would have expired on December 31, 2004.

WHEREAS in advance of that expiration, the Company and Reclamation entered into negotiations for a long-term renewal of the Original Contract.

WHEREAS the Company and Reclamation entered an interim renewal contract expiring May 30, 2005 because the negotiations and related procedures had not been completed by December 31, 2004.

WHEREAS the negotiations and related procedures have now been completed, and Reclamation has presented to the Company the agreed-upon final form of renewal contract bearing Contract No. 8-07-20-W0693-R1 (the "Renewal Contract").

WHEREAS the Board of Directors of the Company finds and determines that it is in the best interest of the Company to approve the Renewal Contract and to authorize the staff of the Company to carry out any actions necessary to implement the Renewal Contract.

NOW, THEREFORE, BE IT RESOLVED that:

1. The Board of Directors of the Company hereby approves the Renewal Contract between Reclamation and the Company.
2. Larry Massa, President of the Board of Directors, and George Basye, Assistant Secretary to the Board of Directors, are authorized and directed to execute the Renewal Contract on behalf of the Company.

3. The staff of the Company are authorized and directed to take any other action necessary to implement the terms of the Renewal Contract.

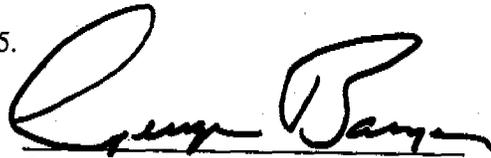
PASSED AND ADOPTED by vote of the Board of Directors on May 26, 2005.

By Larry Massa
Larry Massa
President, Board of Directors

CERTIFICATION

I, George Basye, certify that I am, and at all times mentioned herein was, the duly appointed, qualified and acting Assistant Secretary of the Colusa Drain Mutual Water Company, a corporation organized and existing under and by virtue of the laws of the State of California; that the foregoing is a full, true and correct copy of a Resolution duly and regularly adopted at a meeting of the Board of Directors of said Company duly and specially held the 26th day of May 2005, a majority and quorum of the members of said Board being present and voting in favor of said Resolution; and that said Resolution has not been modified, rescinded, altered or amended and is now in full force and effect.

WITNESS my hand this 26th day of May, 2005.



George Basye
Assistant Secretary, Board of Directors